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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: strengthening of the coordination of emergency humanitarian assistance of the United Nations

Enhancing the functioning and utilization of the Central Emergency Revolving Fund

Note by the Secretary-General*

Summary

The present note provides an update on the status of the functioning and utilization of the Central Emergency Revolving Fund. While there has recently been a marked increase in advances to United Nations agencies for emergency response measures, this increase, in particular during the past year, may be largely related to the expanded terms of its use, as agreed to by the Assembly in resolution 56/107. Hence, before expanding the terms of the Fund even further, it is recommended that the pattern of its utilization be monitored and analysed in more detail, and over a longer period of time.

* The document was delayed to ensure that an updated and meaningful assessment of Fund expenditure was provided.

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I. Introduction

1. The present note is submitted pursuant to General Assembly resolution 56/107 of 14 December 2001, in which the Assembly, inter alia, requested the Secretary-General to report to it on the utilization of the Central Emergency Revolving Fund and on further possible improvements in its terms of reference in order to enhance its functioning and utilization, inter alia, in relation to the great need for urgent assistance in many underfunded, so-called forgotten emergencies.

II. Current status of the Central Emergency Revolving Fund

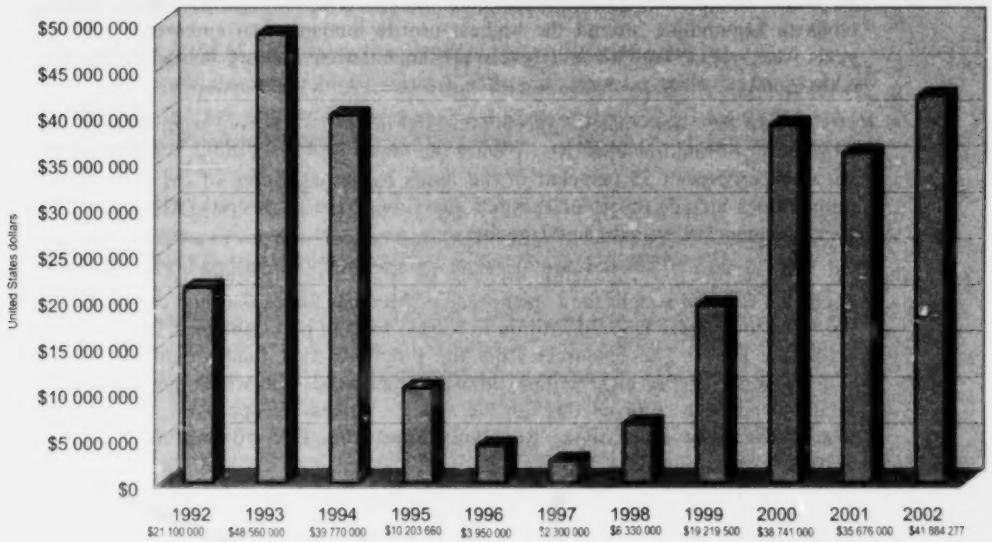
2. The Revolving Fund has continued to act as a key cash flow mechanism to ensure the rapid and coordinated response of the organizations of the United Nations system to humanitarian emergencies. Since its establishment pursuant to Assembly resolution 46/182 of 19 December 1991, and until September 2002, a total of US$ 267,644,437 has been advanced through the Fund. Of this figure, US$ 228,580,160 has been reimbursed and the interest earned stands at US$ 14,248,869.[1] Although the use of the Fund by United Nations agencies has been uneven over the years, there has been a marked increase in its utilization since 1999.

3. The Revolving Fund began operation in 1992 and was heavily drawn upon in the early years. The advances disbursed totalled US$ 21.1 million in 1992, then rose to US$ 48.5 million in 1993 and reached almost US$ 40 million in 1994. Most of the advances made during those years were directed at addressing the crises in Burundi, Iraq, Rwanda and Somalia. However, the period from 1995 to 1998 witnessed a drastic decline in the use of the Fund. The lowest use was in 1997, when only about US$ 2.3 million was advanced. From 1999, the use of the Fund by United Nations agencies began to rise steadily. The almost US$ 20 million advanced in 1999 rose to some US$ 38.7 million in 2000. This amount decreased only slightly in 2001, when some US$ 35.6 million was advanced. As at September 2002, the amount advanced for the year was almost US$ 42 million, making 2002 the year of highest use since the advancement of US$ 48.5 million in 1993 (see fig. below). The average disbursement during the early years from 1992 to 1994 was approximately US$ 36.4. From 2000 to 2002, the average advanced from the fund rose to US$ 38.7 million.

4. Part of the reason for the more extensive use of the Fund since its inception, and most notably in 2002, may be attributed to the endorsement by Member States, in Assembly resolution 56/107, of the Secretary-General's recommendations (see A/55/649), including the expansion of the use of the Fund to cover funding for humanitarian assistance for natural disasters, humanitarian assistance for new requirements in protracted emergencies and for emergency staff safety arrangements for United Nations and associated personnel. These amendments were the most substantive made to the functioning of the Fund since it began operation. In particular, the inclusion of natural disasters in the criteria for the use of the Fund led to a steep increase in its utilization. Of the approximately US$ 41.8 million advanced in 2002, over US$ 26 million was advanced for a natural disaster, the

[1] Figure reflects total interest earned as at 30 June 2002.

Central Emergency Revolving Fund: consolidated advances



southern African drought. Most of the remaining funds were advanced to the Food and Agriculture Organization of the United Nations, the Department of Peacekeeping Operations (Mine Action Service) and the United Nations Children's Fund to address emergency needs in protracted emergency situations, such as those in Afghanistan, Angola, Burundi, the Democratic Republic of the Congo, Sierra Leone and the Sudan. All funds continue to be advanced on a reimbursable basis in accordance with the procedures set out in the Secretary-General's bulletin ST/SGB/251.

5. The Fund was not used to advance funds to cover urgent staff security needs in 2002, as provided for in Assembly resolution 56/107. This may be the result of the decision taken by the Assembly in section VIII of its resolution 56/255 of 24 December 2001, which placed the Office of the United Nations Security Coordinator on a more stable financial footing. However, adverse security circumstances which would necessitate the use of the Fund to meet the advance costs of security, may still occur.

III. Proposed trust fund for low-profile emergencies

6. The consistently low level of funding received in response to consolidated appeals was illustrated in a note by the Secretary-General (A/55/649) and remains a concern. Despite the development and strengthening of the consolidated appeals process (CAP) as a coordination and strategic planning tool, humanitarian agencies still face constraints in responding to low-profile humanitarian emergencies owing to the low level of funding received during the appeals. The report submitted by the Secretary-General to the Economic and Social Council at its substantive session of 2002 (A/57/77-E/2002/63) presents the findings of an independent review of the

consolidated appeals process. The findings of the review concur with those expressed in the above-mentioned note by the Secretary-General: low-profile or forgotten emergencies have continued to receive low funding, and donor funding tends to accumulate around the highest profile humanitarian emergencies of the year. Also, rather than overall levels of humanitarian funding being increased to address major crises, resources are often diverted from other appeals.

7. Of the 25 consolidated appeals launched in 2002,[2] 16 have received less than 50 per cent of requirements. As we enter the fourth quarter of 2002, 7 of these have yet to receive even 35 per cent of the funds requested. Some of the least-funded programmes include those for Burundi, the Congo, the Democratic Republic of the Congo, Indonesia, Somalia and Uganda.

8. In his note on enhancing the role of the Revolving Fund (A/55/649), the Secretary-General sought the concurrence of Member States that had contributed to the Fund to transfer US$ 10 million to a trust fund to be established for lifesaving assistance needs. The resources from the proposed trust fund would be used to address some of the most critical humanitarian needs for which no satisfactory funding had been received through the appeals process. If approved, the proposal would reduce the level of the Revolving Fund from US$ 50 million to US$ 40 million.

9. In the light of the steady rise in the use of the Fund since 1999, it may be prudent at the present juncture to keep the proposal for a trust fund in abeyance. This would allow for a more thorough and realistic analysis on the usage of the Revolving Fund, in particular given the substantive expansions decided upon by the Assembly in its resolution 56/107. A more in-depth analysis would allow for the development of concrete proposals that could better guide any further adjustments to the terms of reference of the Fund.

IV. Conclusion and recommendations

10. **The Central Emergency Revolving Fund is an important tool for coordination that has enabled humanitarian agencies to respond more rapidly in times of need. Since the adoption of General Assembly resolution 56/107, the scope of the Fund has been broadened so that it can be used for natural disasters, protracted emergencies and for supporting staff security arrangements. There has been increased usage of the Fund in 2002, in particular in connection with natural disasters, and further demands can be anticipated in the light of the current forecasts of climatic change.**

11. **Likewise, the Fund will continue to be used to respond to complex emergencies. Its use, however, will depend on the receptiveness of donors. Where there are clear assurances of funding from donors, the Fund can ensure a speedy response to humanitarian emergencies by bridging the immediate cash flow requirements of agencies. In the absence of such reliable donor commitments, as is often the case in the so-called forgotten emergencies, the Revolving Fund will be of only limited value. Agencies will refrain from requesting advances for fear of subsequent inability to reimburse the Fund**

[2] This figure includes consolidated appeals for countries and regions, as well as for the drought in southern Africa.

owing to lack of donor funding. This may account for the fluctuations in the use of the Fund, and further study is required before specific proposals are made to expand further the terms and scope of the Fund.

12. **In the light of the above, the General Assembly may wish to:**

(a) **Support the efforts of the Emergency Relief Coordinator to undertake further monitoring and analysis of the functioning and utilization of the Central Emergency Revolving Fund before proposing any further changes in its use;**

(b) **Request the Emergency Relief Coordinator to make recommendations on how to maximize the value of the Fund by addressing the issue of low funding for low-profile or so-called forgotten emergencies with donors.**